

Michael L. Ross

The Oil Curse: How Petroleum Wealth Shapes the Development of Nations,

(Princeton, NJ: Princeton University Press, 2012, ISBN: 978 0691145457, 296 pp., £19.95pb.)

Natural resources have long been thought to be an important factor in economics and politics. No doubt that these resources have remarkable influence over the fate of resource rich countries, in which political stability and democratization are often attributed to resource wealth. The world has been more democratic and more peaceful for decades; however, the oil states in the Middle East, Africa and Latin America constitute a great exception to this.

Resource wealth, which was believed to bolster countries and their economies, started to be seen as a disadvantage especially to the countries blessed with oil wealth, shortly after the oil crisis in 1970s. Going beyond the conventional wisdom, social scientists strive to find the link by combining multiple incidents such as; insurgencies, civil war, gender gaps engendered by resource-related activities that took place in oil-rich countries. Although the causality seems not to be robust enough in the existing literature, there is some clear evidence showing the links between oil and socio-political development. Extending the issue of oil and democracy, the author questions the petroleum effect on countries by taking into account multifarious factors.

The answer given to the question "why does petroleum have such strange effects on a country's political and economic health" (p.4) points out two factors to be attributed for this negative causality: 1) foreign powers readily intervene in oil-rich countries; and 2) oil companies operating in international arena.

Expanding the argument in the following chapters, the author challenges these claims with a strong argument: most oil industries have been nationalized in the early 1970s, so that "if foreign companies were the source of the problem, then nationalization should have been the cure" (p.4). On the other hand, the domestic facts such as how a government uses its oil revenues appear to be more determinative in countries politics. Government revenues grew substantially as the foreign oil companies were nationalized, giving omnipotence to the rulers. Therefore it is no surprise that "from 1980 to 2011, the democracy gap between the oil and non-oil states grew ever wider" (p.63).

The scale of oil revenue, government size and the government's dependence on taxes are significantly correlated, which fosters authoritarian and populist politics. In the very first chapters, Professor Ross takes up the issue by starting from a short history of natural resources and rent, following this, carrying out a cross-national analysis of oil revenues and government. Multivariate regressions showing the statistical relationship between oil and democracy occupy an important role in the following chapter, where 'less democracy' and failures in transition to democracy are attributed to oil wealth. Another regression analysis shows that two variables, petroleum income and the likelihood of civil wars, are significantly correlated particularly among countries with a lower income. This becomes more visible when two hypotheses drawn by the author get on the same page in a country:

"The greater a country's oil income per capita is, the greater the likelihood that a civil war will begin".

"The lower a country's income per capita is, the larger the impact of oil on the likelihood of conflict"(p.179).



The book, as the author states, “takes a comprehensive look at the political and economic consequences of petroleum wealth” (p.3), and is an important attempt to include the points that were overlooked in the previous works. The scope is limited only to petroleum as a natural resource, for petroleum along with its products has occupied a considerable part of the world’s commodity trade for decades. From oil income analysis to women’s opportunities in oil-rich countries, *The Oil Curse* covers various issues and provides both quantitative and qualitative evidences for the given arguments. The links between multiple variables are successfully presented when it is possible, and missing links due to hard-to-quantify variables or the lack of robustness are admitted in a roundness manner. In this sense, *The Oil Curse* presents a great value to those who would like to examine politics and economics of oil wealth. Analyzing half a century of data and covering multidisciplinary issues, this work offers much to those who are interested in political transformation, economic and political development, and security studies.

Tevfik Murat Yıldırım
University of Missouri